OFFICE OF THE

Auditor General of British Columbia

Service Plan

2002/03–2004/05

DOC
BC
A9
D:84
2002/05
c.3

LEGISLATIVE LIBRARY
VICTORIA, B.C. V8V 1X4 FEB 2 8 2002

our vision

Making a difference for the people of British Columbia by contributing to accountable and well-performing government

our mission

To serve the Legislative Assembly and the people of British Columbia by providing independent assessments and advice that enhance government accountability and performance

our values

As we pursue our corporate goals, we are all committed to:

Excellence

We strive to meet the highest standards of service, professionalism, integrity and independence.

We are committed to being efficient and effective in our operations, and to promoting creativity, innovation and responsible risk-taking in our work.

We seek to maintain a relationship of mutual respect and trust with those we serve, and willingly share our experience and expertise.

Our people

We value the unique contribution and talents each individual adds to our Office and community.

We strive to manage on the basis of fairness, equity, honesty, mutual respect, trust and personal dignity. As our success is dependent on working together, we promote a spirit of cooperation and teamwork throughout our organization.

We are committed to the concept of personal and professional development and support quality-of-life endeavours.

LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00263 7784

102-03442/

OFFICE OF THE
Auditor General
of British Columbia

The Honourable Claude Richmond
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my Service Plan, 2002/03 – 2004/05.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
February 2002

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

Table of Contents

Message from the Auditor General i

Auditing for Better Public Sector Accountability and Performance 1

Our Goals and Objectives 2

How We Provide Assessments and Advice 3

Our Planning and Reporting Cycle 4

Responding to Our Environment 6

- Ongoing Issues 6
- Emerging Challenges 8

Our Priorities for the Coming Year 10

Objectives, Strategies, Outcome Measures and Key Targets 12

Resources by Goal 26

Our Financial Plan 28

Our Corporate Profile 30

- Our People 30
- Our Structure 30

Appendix

- Our Detailed Work Program for 2002/2003 33

Message from the Auditor General

"We designed our program to provide legislators with assurances and advice they need to demonstrate a rigorous public scrutiny of government performance. Such scrutiny is fundamental to establishing public trust and confidence in our institutions of government."

I am pleased to table our Service Plan for 2002/03 to 2004/05. The plan sets out our work program and intended use of available resources for the next three years, focusing on the first, 2002–2003.

Today, public expectations are high that government management and accountability practices will strengthen and that our system of government will start providing more meaningful opportunities for all legislators (and British Columbia citizens) to participate in government decision-making. Meeting these expectations will be a significant challenge, requiring leadership, perseverance and hard work by many. Earning public trust and confidence in our institutions of government requires no less.

The work of my Office is one important means of attaining such trust and public confidence. We help legislators demonstrate that rigorous public scrutiny of government performance takes place. We do this by working to ensure that credible and meaningful information exists about the performance of government. As well, we help legislators contribute to effective management of the resources and responsibilities entrusted to government by British Columbia's citizens.

Rigorous public scrutiny is particularly important in this province right now. Significant change to what government does is taking place at a time of difficult financial pressures and economic uncertainty, and at a time of unusual political party representation within the Legislative Assembly. During the next few years, legislators will find it especially challenging to earn and hold public confidence. Our program, we believe, will enable us to give them the assurances and the advice they need to do that.

The independence and autonomy granted to the Auditor General by the Legislative Assembly makes the Office's accountability to the Assembly imperative.

This document serves as the initial piece of that accountability relationship. My Service report tabled at the end of June 2003 will complete this cycle by providing information about the Office's performance for the year, assessed against this plan.

Wayne Strelioff

Wayne K. Strelioff, CA
Auditor General

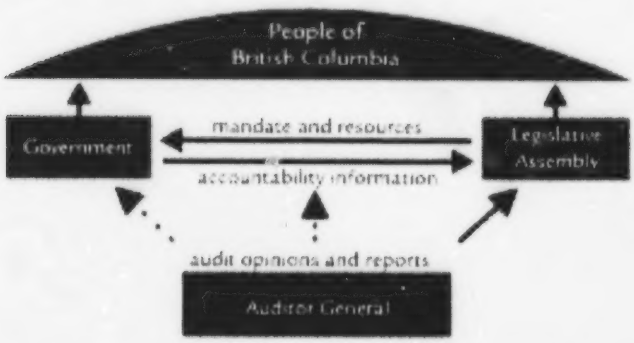
Victoria, British Columbia
February 2002

Auditing for Better Public Sector Accountability and Performance

Accountability is a relationship between two parties. In the case of government, the contract is between the public and those who have been elected to govern: the public gives government the responsibility to govern and manage public resources, and the government is accountable to the public through the Legislative Assembly for its performance. This concept is fundamental to our democratic system. It establishes the right of all citizens to know what government intends to do and how well it has met its goals.

The Office of the Auditor General provides a critical link in the chain of public accountability, a role that is both unique and vital to the democratic process of responsible government. The Office's primary purpose is to contribute to improved accountability and performance in the British Columbia public service. We achieve this by providing independent audit services and assessments to our clients, the Legislative Assembly and the public. We carry out this work through our four lines of business:

- attesting to the reliability of the financial statements of government;
- assessing the quality of government service plans and reports;
- examining how government manages its key risks; and
- supporting legislators in the use government performance information.



Under the authority of the Auditor General Act, the Office is responsible for auditing most of government, including its ministries, Crown corporations and other organizations. In exercising this responsibility, we stay attentive to the needs, expectations and priorities of the Legislature. At the same time, we remain open, responsive and aware of the needs and expectations of public sector managers so that we can provide sound and practical advice and recommendations for administrative improvement.

Our reports provide assurance to the Legislature on matters relating to past events or practices within the public sector, as well as offering suggestions for improving future public sector performance.

Our Goals and Objectives

goal 1

Legislators and the public receive the best information for assessing the performance of government

Objective:

Legislators and the public receive relevant, reliable and understandable information about: the planned and actual results of government and about how well government is managing the key risks it faces in achieving its planned results.

goal 2

We are an exemplary organization that serves the Legislative Assembly and the public

Objectives:

Our audit approach reflects best practices.

Our performance improves continuously.

We have the organizational capacity to complete our work.

How We Provide Assessments and Advice

The Office provides **assessments** by reporting to the Legislative Assembly on:

- major program audits completed during the year;
- other planned reviews on specific issues across key sectors of government;
- our detailed examination of the Province's finances;
- the results of annual financial statement audits;
- reviews of the performance plans and reports of government;
- investigations felt to be warranted following inquiries directed to the Office by Members of the Legislative Assembly and the general public; and,
- any other matters considered by the Office to merit investigation.

Flowing from the conduct of these assessments and audits, the Office provides **advice** both formally as recommendations and informally, to:

- select committees of the Legislative Assembly
- the public of British Columbia
- Cabinet
- audited entities
- related professional bodies such as The Canadian Institute of Chartered Accountants.

Our Planning and Reporting Cycle

Each year, as a core part of their business, our audit sectors obtain and process a large amount of information about international, national and local developments and changes in public sector practices. This scan ensures that our audit focus adequately reflects shifts in public sector strategies and operations, including changes in the direction of government policy.

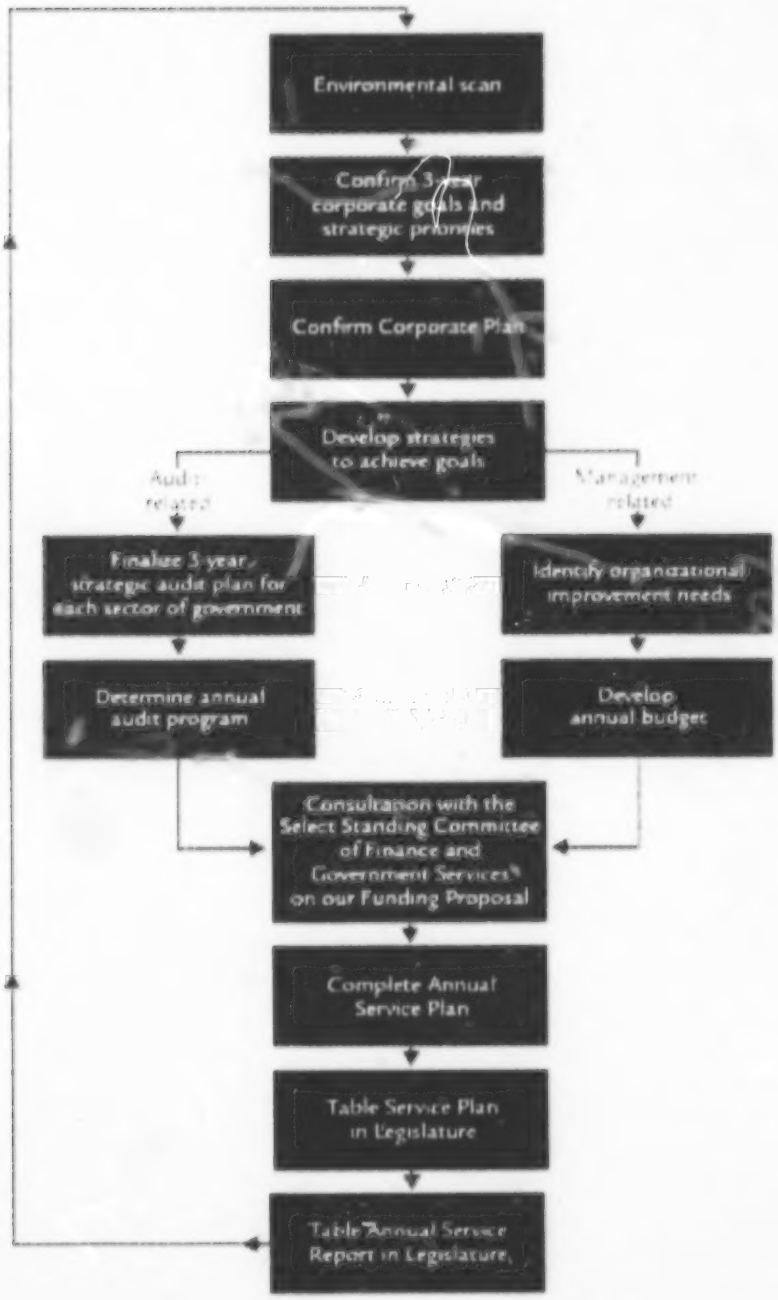
The result of this exercise is confirmation of—or if necessary amendment to—our three-year corporate goals and associated strategic priorities. Two streams of strategic information flow from this process, namely:

- the development of a revised three-year strategic audit plan for each sector of government; and
- the identification of any organizational issues affecting our business operations and warranting early management improvement action.

This analysis leads to our Annual Service Plan for the coming year and our related budgetary needs. Following consultation with the Select Standing Committee on Finance and Government Services, we finalize the Plan and table it in the Legislature. Our strategic business planning process also provides a framework against which we can progressively monitor and measure the achievement of our corporate goals.

Our Planning and Reporting Cycle

The Planning and Reporting Cycle


Environmental scan
Confirm 3-year corporate goals and strategic priorities
Confirm Corporate Plan
Develop strategies to achieve goals
Audit related
Management related
Finalize 3-year strategic audit plan for each sector of government
Identify organizational improvement needs
Determine annual audit program
Develop annual budget
Consultation with the Select Standing Committee of Finance and Government Services* on our Funding Proposal
Complete Annual Service Plan
Table Service Plan in Legislature
Table Annual Service Report in Legislature

Responding to Our Environment

Several key ongoing and emerging forces affecting the provincial government have an impact on our work.

Ongoing Issues

Information Technology Is Changing Government

Communications and computing technology is changing every aspect of government, from the delivery of services to the safeguarding of personal information. Legislators and the public want to know whether information systems are sound and—as importantly—whether they adequately protect privacy.

Health and Education Demands Continue to Increase

In the budget for 2001/02, government activity in the health and education sectors consumed 67% of the total budget for expenditures. The population of the province continues to grow in both number and diversity. Not only is this placing growing demands on our education system but the aging of the "baby boomers" is expected to drive up demand for health care services notably in the coming years. Competition for resources will be immense and this means that solid information about spending in the health and education sectors will be critical as legislators and the public seek assurance that this money is being put to best use.

Public Interest in the Sustainability of the Natural Environment Remains High

British Columbians care very much about their natural environment. The province is enriched with a wide variety of ecosystems. As well, it has the greatest diversity of birds and animals of any other province or territory in Canada. British Columbians also care very much about sustaining their society and economy through the use of the physical environment they inhabit. Over the past century, natural resources have generated most of British Columbia's wealth. Resource extraction industries such as logging, mining and fishing have long been important to the provincial economy, and remain significant pillars of regional economies outside the Vancouver and Victoria urban areas.

The public wants to continue enjoying the economic and social benefits provided by these industries, but not at the expense of the physical environment. This is a "triple bottom line"—a healthy and sustainable environment combined with a sound economy and a vibrant society.

Responding to Our Environment

The Public Service Workforce Is Changing

Government services are increasingly knowledge-based, requiring public servants to have significant knowledge and technical expertise. This is a global trend in both the public and private sectors. To keep up, employees need to be learning continuously. Employers who do not encourage their employees to upgrade their knowledge and skills through training and personal development, may see declining performance and subsequently client dissatisfaction.

British Columbia faces two demographic obstacles in its move towards knowledge-based government. First, the existing work force is aging. About one-third of government managers and one-fifth of all government employees plan to retire by 2005. With these retirements will come the loss of thousands of years of knowledge and experience. Furthermore, the retiring workers will have to be replaced. Here arises the second obstacle: young workers are not being attracted to British Columbia's public service. Only 5% of the current provincial government workforce is under the age of 30. Already the public service is having problems recruiting employees, especially in certain skilled occupations such as nursing, information systems and financial management. Legislators and the public want assurance that the government has the knowledge and skills to provide quality services into the future.

Our Response

Restructuring

Within the Office, we have reorganized the audit operations to allow us to focus on the key issues facing government. We are now organized into five operating units each with the responsibility for a key sector of government and one major issue—health and capital management; education; protection of persons and property and performance plans and reports; natural resources and the environment; and finance and transportation and information technology management.

Focused Audit Program

In the coming year, we are committed to delivering performance audits in each of the areas noted above that assesses the management of key risks. The Appendix outlines in detail our proposed work program for the coming three years.

Emerging Challenges

Three new areas of challenge in the British Columbia public service present our Office with opportunities to assist legislators in advancing government management and accountability practices significantly. These challenges relate to:

- implementing a complete financial planning and reporting framework by government;
- providing assurance on government service plan reports; and
- changing how government delivers public programs and services.

Implementing a complete financial planning and reporting framework

During the next three years, the government plans to implement a complete financial planning and reporting framework by adopting generally accepted accounting principles. This step is an essential ingredient to the development of credible cost and performance information.

Implementing a complete financial framework will place new demands on our Office. We will be required to report on summary financial statements that include the financial results of many more government organizations than at present—organizations such as, health authorities, school boards, and post-secondary educational institutions. We will also need to put in place a strong oversight system to ensure the audit program within this community of organizations serves the information needs of legislators.

Providing assurance on government service plan reports

The government and its organizations are now required to provide legislators with service plans and service plan reports that focus on costs and intended results. These plans and reports are to be provided to legislators in a timely manner.

The government has indicated it wants its annual performance reports to be audited. We agree that this should be done. Recently, the select standing committee on public accounts also agreed.

Providing audit assurance on the reliability of government performance information is a key step forward. It can help to ensure that credible cost and performance information is available for use by government to manage its programs and services, assess alternative service delivery methods, and report on costs and intended results. Such assurance can significantly strengthen the performance management and accountability practices of government.

In addition, legislators have begun to put in place a more active system of standing committees. For several years, many MLA's and this Office have advocated such a system. Standing committees working with credible cost and performance information are a valuable means of earning public trust and confidence in our institutions of government.

Changing how government delivers public programs and services

Government leaders are proposing to change significantly how government delivers public programs and services. We do not know yet the extent of such changes. We do know, however, that they will affect the information needs of legislators and this in turn will affect our work program.

The government might choose to deliver public programs and service in new ways—or not at all. The government might eliminate existing organizations and create new ones. The government might enter into new service delivery arrangements with non-government organizations. The government might establish a different governance structure. Or, the government might choose to do all or some combination of the above.

When an organization undergoes significant change, those with governance responsibilities need assurance that emerging risks are known and managed effectively. We are ready to provide those assurances to legislators and British Columbia's citizens.

Our Response

We received additional funding to address these emerging challenges and have adjusted our work program accordingly. This adjustment includes strengthening our work in examining risks in:

- government during a period of restructuring, and,
- the Health sector.

As well, we will be increasing our work on the quality of government service plans and reports.

Our Priorities for the Coming Year

During the next three years, we plan to focus on several priorities, all of which reflect our understanding of how we can best serve legislators within the current public sector environment. These priorities relate to:

- examining accountability and risk management for large capital projects and complex mission-critical information systems;
- examining accountability and risk management within the health and education sectors;
- encouraging government to practice sound accountability and risk management in making progress towards sustainability;
- encouraging government to implement a complete financial planning and reporting framework; and
- encouraging all organizations of government to carry out results-focused performance reporting.

We have shaped our work program in the context of these priorities. Steps we have taken to make this happen include putting in place an organizational structure that will help us strengthen our expertise in key programs of government, redesigning our work so that we are able to devote more of our efforts to providing legislators with assurances and advice on risk management practices of government, building our knowledge and expertise with respect to results-focused performance reporting, and working to obtain support for a strong and independent mandate through revisions to the Auditor General Act.

In addition to the above-mentioned priorities, the Select Standing Committee on Finance and Government Services recommended that we receive for the 2002/03 fiscal year, a contingency fund of $500,000 for specific work to meet the three emerging challenges:

- implementing a complete financial planning and reporting framework;
- providing assurance on government service plan reports; and,
- monitoring changes in how government delivers programs and services—in particular, whether the non-governmental organizations, which government is planning to assign more responsibility to, are working effectively in the context of their own service plans.

Our Priorities for the Coming Year

In the following pages we describe the objectives, strategies, outcome measures and key targets. The targets chosen represent the best estimate of management at this time and will be refined as the Office gains experience in interpreting the data and managing for results. Historical information and trends will be reported as data is collected.

Objectives, Strategies, Outcome Measures and Key Targets

goal 1

Legislators and the public receive the best information for assessing the performance of government

Objective

Legislators and the public receive relevant, reliable and understandable information about the planned and actual results of government, and how well government is managing the key risks it faces in achieving its planned results.

Line of Business 1

Attesting to the reliability of government financial statements

Strategies

We will:

- Assess the reliability and fairness of the government's summary financial statements—the public accounts.
- Provide advice to government to help improve the standard and quality of the financial reporting.
- As the schools and hospitals are included in the public accounts, assess whether the financial statements accurately depict revenues and expenses in an understandable manner.
- Encourage the preparation and use of financial statements for each ministry or sector of government.
- Shift from doing financial statement audit work ourselves to contracting it out to private firms and overseeing it. This will allow us to increase our coverage of the financial reporting of government organizations.
- Shift the financial statement audit program to focus on audits that will assist us in building our knowledge in particular sectors and on audits where the organizations are significant in terms of their size and impact on British Columbians.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
1.1 legislators and the public believe our opinions and rely on them	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports ■ we issue no qualified opinions
1.2 legislators are satisfied with the relevance of our financial statement audit program	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the relevance and quality of our reports ■ 100% of our audits meet the Canadian Institute of Chartered Accounts (CICA) standards ■ a quality assurance program is carried out on 100% of audit arrangements and work undertaken
1.3 the Legislative Assembly and audited agencies are satisfied with the efficiency and timeliness of our audit activities	■ positive assessments from the Legislative Assembly with the efficiency and timeliness of our audit activities ■ positive assessments from audited agencies with the efficiency and timeliness of our audit activities ■ government organizations provide and use more relevant, reliable and timely financial information

Measuring Progress

Progress in achieving the first target for 1.1 and the targets for 1.2 and 1.3 will be ascertained from periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and the organizations we audit.

Progress in achieving other targets for 1.1 will be monitored from data maintained within the Office's information systems.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
1.1 legislators and the public believe our opinions and rely on them	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports ■ we issue no qualified opinions
1.2 legislators are satisfied with the relevance of our financial statement audit program	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the relevance and quality of our reports ■ 100% of our audits meet the Canadian Institute of Chartered Accounts (CICA) standards ■ a quality assurance program is carried out on 100% of audit arrangements and work undertaken
1.3 the Legislative Assembly and audited agencies are satisfied with the efficiency and timeliness of our audit activities	■ positive assessments from the Legislative Assembly with the efficiency and timeliness of our audit activities ■ positive assessments from audited agencies with the efficiency and timeliness of our audit activities ■ government organizations provide and use more relevant, reliable and timely financial information

Measuring Progress

Progress in achieving the first target for 1.1 and the targets for 1.2 and 1.3 will be ascertained from periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and the organizations we audit.

Progress in achieving other targets for 1.1 will be monitored from data maintained within the Office's information systems.

goal 1

Legislators and the public receive the best information for assessing the performance of government

Line of Business 2

Assessing the quality of government service plans and reports

Strategies

We will:

- Continue to provide an annual report on the adequacy and appropriateness of public service plans and reports in 2002/03. In the following years, we will begin to attest to the performance reports of ministries.
- Continue to work with our colleagues in the legislative audit community to develop our methodology for providing assurance on performance information.
- Conduct an audit that reviews government's ability to deliver the services outlined in the plans.
- Continue our work with the legislative audit community across Canada in providing assurance on government health performance reports.
- Lead by example, placing additional emphasis on measuring and reporting how well we achieve our own goals and desired outcomes.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
2.1 legislators rely on our advice about the service plans of government	▪ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports on the service plans ▪ the completeness, reliability and understandability of performance reports improves noticeably over the next three years
2.2 legislators rely on the health report card indicators in their decision-making and debates.	▪ British Columbia receives an unqualified opinion on its health report card ▪ within the next three years, provinces will be producing comparable report cards ▪ health performance information is used in a substantive way in legislative and committee debates
2.3 legislators are satisfied with the relevance of our program to review the service plans and reports of government	▪ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the relevance and quality of our reports ▪ the criteria used to assess the service plans reflect best practices both nationally and internationally
2.4 the Legislative Assembly and audited agencies are satisfied with the efficiency of our audit activities	▪ positive assessments from the Legislative Assembly with the efficiency of our audit activities ▪ positive assessments from audited agencies with the efficiency of our audit activities

Measuring Progress

Progress in achieving the first targets for 2.1and 2.3 and the targets for 2.4 will be measured through periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and the organizations we audit. The second target of 2.1 will be monitored through our annual assessment of the service plans.

Targets relating to the health report card in 2.2 will be ascertained through our assessment of British Columbia's report card and our ongoing involvement in the national review of health performance by our legislative audit colleagues.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
2.1 legislators rely on our advice about the service plans of government	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports on the service plans ■ the completeness, reliability and understandability of performance reports improves noticeably over the next three years
2.2 legislators rely on the health report card indicators in their decision-making and debates.	■ British Columbia receives an unqualified opinion on its health report card ■ within the next three years, provinces will be producing comparable report cards ■ health performance information is used in a substantive way in legislative and committee debates
2.3 legislators are satisfied with the relevance of our program to review the service plans and reports of government	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the relevance and quality of our reports ■ the criteria used to assess the service plans reflect best practices both nationally and internationally
2.4 the Legislative Assembly and audited agencies are satisfied with the efficiency of our audit activities	■ positive assessments from the Legislative Assembly with the efficiency of our audit activities ■ positive assessments from audited agencies with the efficiency of our audit activities

Measuring Progress

Progress in achieving the first targets for 2.1and 2.3 and the targets for 2.4 will be measured through periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and the organizations we audit. The second target of 2.1 will be monitored through our annual assessment of the service plans.

Targets relating to the health report card in 2.2 will be ascertained through our assessment of British Columbia's report card and our ongoing involvement in the national review of health performance by our legislative audit colleagues.

goal 1

Legislators and the public receive the best information for assessing the performance of government

Line of Business 3

Assessing the management of risk within government programs and services

Strategies

We will:

- Continue to assess whether basic financial management controls are sound.
- Advocate for the use of economic indicators recommended by the Canadian Institute of Chartered Accountants to provide a full picture of financial performance.
- Conduct audits that assess the state of various key aspects of the environment and the extent to which sustainability is being considered in government decision-making.
- For major information systems of government, focus on audits of both:
  1) the project management involved in creating the systems and their implementation; and
  2) the ongoing management of the systems in terms of the reliability of the information and its security.
- As ministries respond to the changes in their programs and make budget adjustments, focus our work on the management of related risks.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
3.1 legislators rely on our assessments of key risks	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports on the management of risks ■ performance information on how organization's manage their risks is readily available ■ organizations report on their own performance and we attest to the accuracy of the results
3.2 the Public Accounts Committee and other Members of the Legislative Assembly are satisfied with the relevance of our audit topics and the quality of our reports	■ positive assessments from the Public Accounts Committee and other Members of the Legislative Assembly with the quality and relevance of our reports ■ 100% of reports are completed in a manner which ensures that the subjects being reported are relevant ■ 100% of reports are subject to a quality assurance program and meet all the measures
3.3 other key stakeholders are satisfied with the relevance and timeliness of our audit topics and the quality of our reports	■ positive assessments by stakeholders for relevance of audit topic and quality of our reports
3.4 the Legislative Assembly and audited agencies are satisfied with the efficiency of our audit activities	■ positive assessments from the Legislative Assembly with the efficiency of our audit activities ■ positive assessments from audited agencies with the efficiency of our audit activities

Measuring Progress

Progress towards achievement of the first target for 3.1, 3.2, 3.3 and the targets for 3.4 will be ascertained from periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and other stakeholders, including audited organizations. The second and third targets for 3.1 will be assessed as part of our annual review of service plans and reports. Other targets for 3.2 will be monitored through internal management.

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
3.1 legislators rely on our assessments of key risks	■ positive assessments by the Public Accounts Committee and other Members of the Legislative Assembly as to the reliability of our reports on the management of risks ■ performance information on how organization's manage their risks is readily available ■ organizations report on their own performance and we attest to the accuracy of the results
3.2 the Public Accounts Committee and other Members of the Legislative Assembly are satisfied with the relevance of our audit topics and the quality of our reports	■ positive assessments from the Public Accounts Committee and other Members of the Legislative Assembly with the quality and relevance of our reports ■ 100% of reports are completed in a manner which ensures that the subjects being reported are relevant ■ 100% of reports are subject to a quality assurance program and meet all the measures
3.3 other key stakeholders are satisfied with the relevance and timeliness of our audit topics and the quality of our reports	■ positive assessments by stakeholders for relevance of audit topic and quality of our reports
3.4 the Legislative Assembly and audited agencies are satisfied with the efficiency of our audit activities	■ positive assessments from the Legislative Assembly with the efficiency of our audit activities ■ positive assessments from audited agencies with the efficiency of our audit activities

Measuring Progress

Progress towards achievement of the first target for 3.1, 3.2, 3.3 and the targets for 3.4 will be ascertained from periodic surveys of the Public Accounts Committee, other Members of the Legislative Assembly and other stakeholders, including audited organizations. The second and third targets for 3.1 will be assessed as part of our annual review of service plans and reports. Other targets for 3.2 will be monitored through internal management.

goal 1

Legislators and the public receive the best information for assessing the performance of government

Line of Business 4

Providing strong support to the standing committees of the Legislative Assembly

Strategies

We will:

- Continue to provide support to the Public Accounts Committee in its review of the Province's public accounts, and to support it in its review of topics covered by our audit reports to the Legislative Assembly.
- Maintain a productive working relationship with other legislative committees.
- Introduce reports that provide an overview of performance in the main sectors of government—health, education and finance.
- Consult with, and listen to the views of, the Public Accounts Committee on our service plan .

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
4.1 legislators rely on our advice to them	■ **Positive assessments from legislative committees when responding to requests for our advice and participating in working groups on matters relating to financial management and accountability** ■ **all advice is prepared with professional care by an appropriately qualified person and, where the circumstances require it, subject to internal review** ■ **legislators support the work of the office through funding**

Measuring Progress

Our progress in achieving the first target for 4.1 will be measured from periodic assessments obtained from the Public Accounts Committee and other Members of the Legislative Assembly on the timeliness and quality of our dealings with them. The third target for 4.1 will be measured by the support we receive from the Finance and Government Services Committee for our annual funding proposal.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
4.1 legislators rely on our advice to them	■ Positive assessments from legislative committees when responding to requests for our advice and participating in working groups on matters relating to financial management and accountability ■ all advice is prepared with professional care by an appropriately qualified person and, where the circumstances require it, subject to internal review ■ legislators support the work of the office through funding

Measuring Progress

Our progress in achieving the first target for 4.1 will be measured from periodic assessments obtained from the Public Accounts Committee and other Members of the Legislative Assembly on the timeliness and quality of our dealings with them. The third target for 4.1 will be measured by the support we receive from the Finance and Government Services Committee for our annual funding proposal.

Objectives, Strategies, Outcome Measures and Key Targets

goal 2

We are an exemplary organization that serves the Legislative Assembly and the public

Objective 1

Our audit approach reflects best practices

Strategies

We will:

- Work with other legislative audit offices to ensure we use best-practice audit methodologies and practices for all our audit activities.
- Provide quality training and support to audit staff and external audit service providers.
- Continually improve all aspects of our planning, field work and reporting practices.
- Ensure that all audits are subject to a quality assurance program.
- In 2003/04, have our performance audit methodology reviewed by another Canadian legislative office and in 2004/05 we will have our financial audit methodology reviewed.

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
1.1 the Public Accounts Committee and other Members of the Legislative Assembly are satisfied with the relevance of our audit topics and the quality and timeliness of our reports	■ Positive assessment from the Public Accounts Committee and other Members of the Legislative Assembly with the quality and relevance of our reports ■ 100% of reports are completed in a manner that ensures that the subjects being reported are relevant ■ 100% of reports are subject to a quality assurance program
1.2 other key stakeholders are satisfied with the relevance of audit topics and the quality of our reports	■ Positive assessments from stakeholders with the relevance of our audit topics and quality of our reports
1.3 the efficiency of the audits improves continuously	■ post-audit reviews of quality and efficiency on 100% of audits with all resultant recommendations acted upon

Measuring Progress

Progress in achieving the first target for 1.1 will be made through periodic surveys of the Public Accounts Committee and other Members of the Legislative Assembly.

Similarly, the source of information for assessing achievement of the target for 1.2 will be surveys of key stakeholders, including audited organizations.

The second and third targets for 1.1 and the target for 1.3 will be measured through internal management processes.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
1.1 the Public Accounts Committee and other Members of the Legislative Assembly are satisfied with the relevance of our audit topics and the quality and timeliness of our reports	■ Positive assessment from the Public Accounts Committee and other Members of the Legislative Assembly with the quality and relevance of our reports ■ 100% of reports are completed in a manner that ensures that the subjects being reported are relevant ■ 100% of reports are subject to a quality assurance program
1.2 other key stakeholders are satisfied with the relevance of audit topics and the quality of our reports	■ Positive assessments from stakeholders with the relevance of our audit topics and quality of our reports
1.3 the efficiency of the audits improves continuously	■ post-audit reviews of quality and efficiency on 100% of audits with all resultant recommendations acted upon

Measuring Progress

Progress in achieving the first target for 1.1 will be made through periodic surveys of the Public Accounts Committee and other Members of the Legislative Assembly.

Similarly, the source of information for assessing achievement of the target for 1.2 will be surveys of key stakeholders, including audited organizations.

The second and third targets for 1.1 and the target for 1.3 will be measured through internal management processes.

goal 2

We are an exemplary organization that serves the Legislative Assembly and the public

Objective 2

Our performance improves continuously

Strategies

We will:

- Continue to apply the criteria we develop for our risk management audits to our own Office through a self-assessment process.
- Continue to set benchmarks for our audits and to report on these in our next service plan report.
- Continue to monitor the benchmarks we set for our administrative practices.
- Continue to measure the extent to which we have put into operation the Office values through our biennial work environment survey.
- In 2002/03 and 2003/04, complete the development and implementation of an office management information system that supports decision-making, maximizes the efficiency of Office operations, maintains effective time-and-cost management practices, and allows us to better track our performance.
- Further develop our intranet to manage our audit knowledge more efficiently.
- Continue to review our current administrative processes and systems and introduce new ones to ensure we are as independent as possible from all of government.

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
2.1 our management decisions are based on reliable performance information	■ implementation of the first phase of the office management information system including a new time entry and project costing system in 2nd quarter of 2002/03 ■ implementation of a data warehouse that allows us to track performance trends in the 1st quarter of 2003/04
2.2 the Office is able to maintain and attract the brightest and best employees	■ increasingly positive responses obtained from our biennial work environment survey ■ Positive trends in a range of employee-related statistics including voluntary turnover, percentage of time and resources devoted to staff development, and incidence of sick leave
2.3 our management practices reflect best practice	■ our Office reaches the top in terms of our performance relative to other legislative audit offices

Measuring Progress

Progress is achieving the targets for 2.1 and 2.2 will be monitored on an ongoing basis throughout the coming years.

Assessment of the achievement of targets for 2.3 will be accomplished through the monitoring of jointly established performance standards with the other Legislative offices across Canada.

Objectives, Strategies, Outcome Measures and Key Targets

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
2.1 our management decisions are based on reliable performance information	■ implementation of the first phase of the office management information system including a new time entry and project costing system in 2nd quarter of 2002/03 ■ implementation of a data warehouse that allows us to track performance trends in the 1st quarter of 2003/04
2.2 the Office is able to maintain and attract the brightest and best employees	■ increasingly positive responses obtained from our biennial work environment survey ■ Positive trends in a range of employee-related statistics including voluntary turnover, percentage of time and resources devoted to staff development, and incidence of sick leave
2.3 our management practices reflect best practice	■ our Office reaches the top in terms of our performance relative to other legislative audit offices

Measuring Progress

Progress is achieving the targets for 2.1 and 2.2 will be monitored on an ongoing basis throughout the coming years.

Assessment of the achievement of targets for 2.3 will be accomplished through the monitoring of jointly established performance standards with the other Legislative offices across Canada.

goal 2

We are an exemplary organization that serves the Legislative Assembly and the public

Objective 3

We have the organizational capacity to complete our work

Strategies

We will:

- Manage the changes outlined in this work program effectively. Already we have held a number of events to raise the awareness of all staff as to the reasons for shifting the focus of our work.
- Review our staff profile to ensure we have the right skill mix for delivering our proposed work program.
- Manage our people in an exemplary manner in line with our corporate values.
- In 2002/03, complete the review of our competencies and use them as a guide in all human resource management functions from recruiting to the development of a professional development plan for the Office.
- Integrate our succession planning needs into our professional development plan.
- In 2003/04 and 2004/05, focus on the implementation of learning and development programs for our staff that reflect the needs of the various positions.
- In 2002/03, implement a new performance management process to ensure that accountability is measured at all levels of the organization.
- Continue to review our management systems in order to be suitably prepared for the coming revisions to the legislative mandate of the Auditor General.

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
3.1 we maximize the contribution of our people to the goals of the organization i.e. we make full use of their knowledge and skills	■ Positive assessments on our biennial work environment survey
3.2 we have the right resources, with the right skill set, in the right place, at the right time	■ over the course of three years, staff profiles match the requirements of the planned work ■ positive trends in a range of employee-related statistics, including voluntary turnover, percentage of time and resources devoted to staff development, and incidence of sick leave

Measuring Progress

The target for 3.1 will be measured through the biennial survey of our staff. The next survey is to occur in August, 2002.

The targets for 3.2 will be monitored on an ongoing basis as part of our internal management processes.

Outcome Targets

Outcome Measures	Key Targets
The extent to which:	
3.1 we maximize the contribution of our people to the goals of the organization i.e. we make full use of their knowledge and skills	■ Positive assessments on our biennial work environment survey
3.2 we have the right resources, with the right skill set, in the right place, at the right time	■ over the course of three years, staff profiles match the requirements of the planned work ■ positive trends in a range of employee-related statistics, including voluntary turnover, percentage of time and resources devoted to staff development, and incidence of sick leave

Measuring Progress

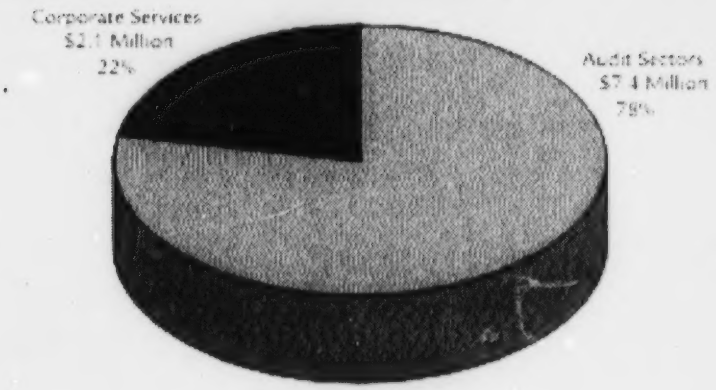
The target for 3.1 will be measured through the biennial survey of our staff. The next survey is to occur in August, 2002.

The targets for 3.2 will be monitored on an ongoing basis as part of our internal management processes.

Resources by Goal

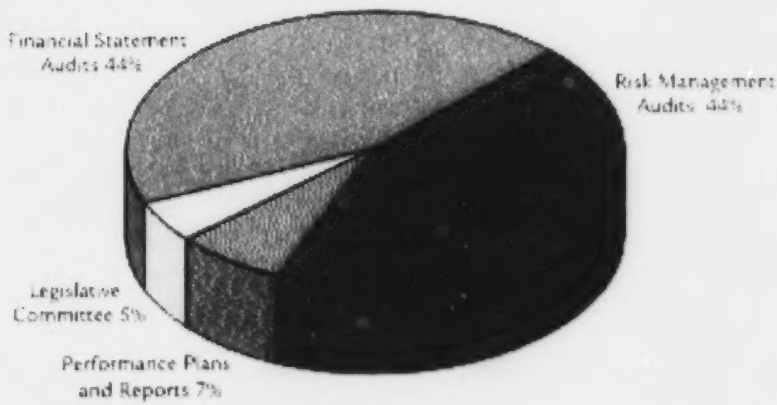
In 2002/03, we plan to expend our resources for Goals 1 and 2 as follows:

Allocation of Office of the Auditor General of British Columbia Fiscal 2002/03 Funding



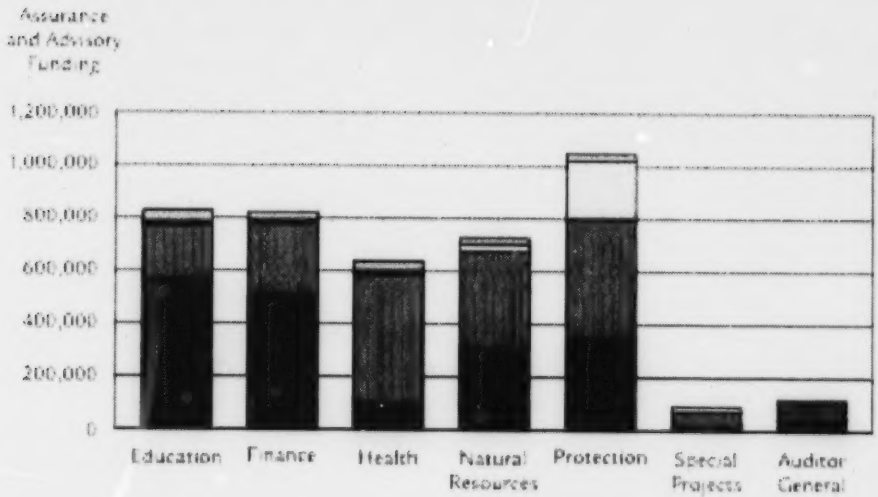
In 2003/04 and 2004/05, in order to focus on our priorities, we plan to find ways of reducing the time we spend on financial statement audits to free up time for reviewing service plans and reports and carrying out risk management audits. Our aim is to move to a program that devotes 50% of our resources on financial statement audits and 50% on risk management audits and service plans and reports. To provide assurance to legislators about the financial reporting of government agencies, we will enhance our oversight role for those organizations where we are not carrying out the audit directly.

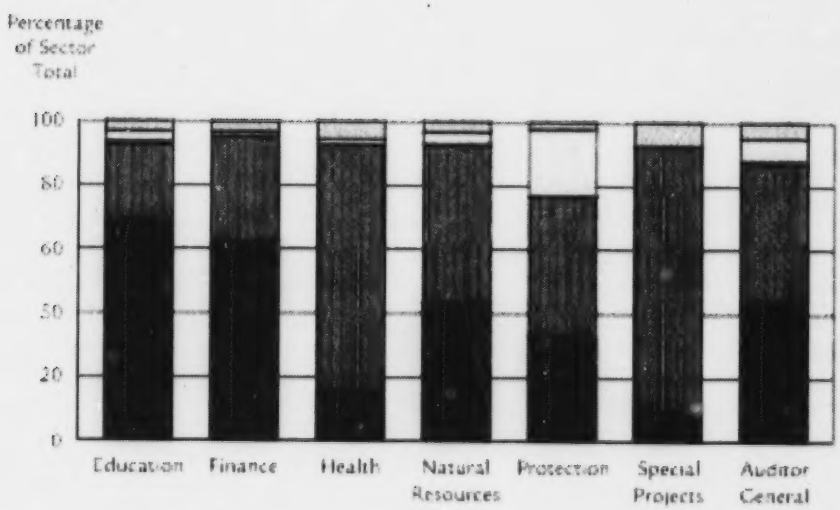
Distribution of Office of the Auditor General of British Columbia Fiscal 2002/03 Assurance and Advisory Funding by Lines of Business



Resources by Goal

Distribution of Fiscal 2002/03 Funding by Sector and Line of Business





Lines of Business

- Financial Statement Audits
- Risk Management Audits
- Performance Plans and Reports
- Legislative Committees

Our Financial Plan

Our Funding Proposal
($ Millions)

	Actual			Forecast	Planned		
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
Source of funding							
Appropriation							
Core	$6.923	6.923	6.743	7.817	7.817	8.817	9.317
Contingency	n/a	n/a	n/a	n/a	0.500	n/a	n/a
New assurances	n/a	n/a	n/a	n/a	0.250	0.350	0.500
Total	6.923	6.923	6.743	7.817	8.567	9.167	9.817
Recoveries – Core	1.398	1.505	1.700	1.875	1.200	1.200	1.200
Total funding	$8.321	8.428	8.443	9.692	9.767	10.367	11.017
Funding used							
Salaries and benefits	$6.138	6.088	5.945	6.440	7.032	7.464	7.932
Professional services	0.336	0.457	0.913	0.934	0.790	0.829	0.881
Support	0.830	0.941	0.778	1.189	1.212	1.296	1.377
Rent and depreciation	0.719	0.729	0.624	0.637	0.733	0.778	0.826
	$8.023	8.215	8.260	9.200	9.767	10.367	11.017
Funding returned	$0.298	0.213	0.183	0.492	–	–	–
Capital spending							
Authorized	$0.177	0.140	0.258	0.211	0.190	0.193	0.203
Used	$0.162	0.133	0.240	0.201			

Notes

1. During 2000–01, our support costs were less than planned because during that year we reshaped our organization and changed work assignments. This led to costs of completing audits and reports, and costs of maintaining our professional capacity shifting to 2001–02.
2. During 2001–02, we received a $0.900 million increase in our appropriation. Originally, the appropriation was for the appointment of a Commissioner for Environment and Sustainability. In August, the increase was confirmed but was to ensure our capacity to examine issues in addition to environmental risks and progress towards sustainability. We forecast that we will not spend $0.492 million of these funds because we did not begin to strengthen our capacity until after we were certain about the availability of the funds. At the date of this report, our forecast is approximately $0.600 million.
3. During 2002–03, we propose contingency funding of $0.500 to be used in the event we identify opportunities to make progress on emerging challenges related to the government implementing a complete financial planning and reporting framework, providing assurances on the service plans and reports of key sectors of government, and examining accountability and risk management within a reorganized health system. We also propose funding of $0.250 million to work towards providing legislators and the public with assurances on the government's annual financial plan and its interim quarterly updates.
4. During 2003–04, we anticipate additional funding will be needed to address emerging challenges referred to in note 2. above. Those challenges will no longer be emerging in 2003–04, they will exist.

Our Financial Plan

2002/03 Funding

For the first time in the Office's history, the Select Standing Committee on Finance and Government Services reviewed our funding. The Funding Proposal we submitted highlights our request. The committee recommended that:

- the budget for the Auditor General be increased to $8,317,000 for the 2002/03 fiscal year;
- the Auditor General's core budget of $8,317,000 be reduced by 5% in 2003/04, and by 10% in 2004/05;
- the Auditor General should receive a capital budget of $190,000 in 2002/03; $193,000 in 2003/04; and $203,000 in 2004/05; and
- the annual estimates for the Auditor General include the Office's anticipated amount for recoveries ($1,200,000 per fiscal year) and its capital expenditures.

Since our initial funding proposal, the Office has confirmed that it will continue to be the auditor of British Columbia Investment Management Corporation for the 2003/04 fiscal year end. This audit will provide the Office with approximately $175,000 additional revenue in the coming two fiscal years.

2003/04 and 2004/05 Funding

The committee concluded that it expects the Office in 2003/04 and 2004/05, to achieve cost savings in its core budget primarily through sharing staff support and technical services with the other statutory officers. We are in the process of reviewing the possibility of sharing some administrative functions with the other officers of the Legislature and determining other means of reducing our costs.

Our Corporate Profile

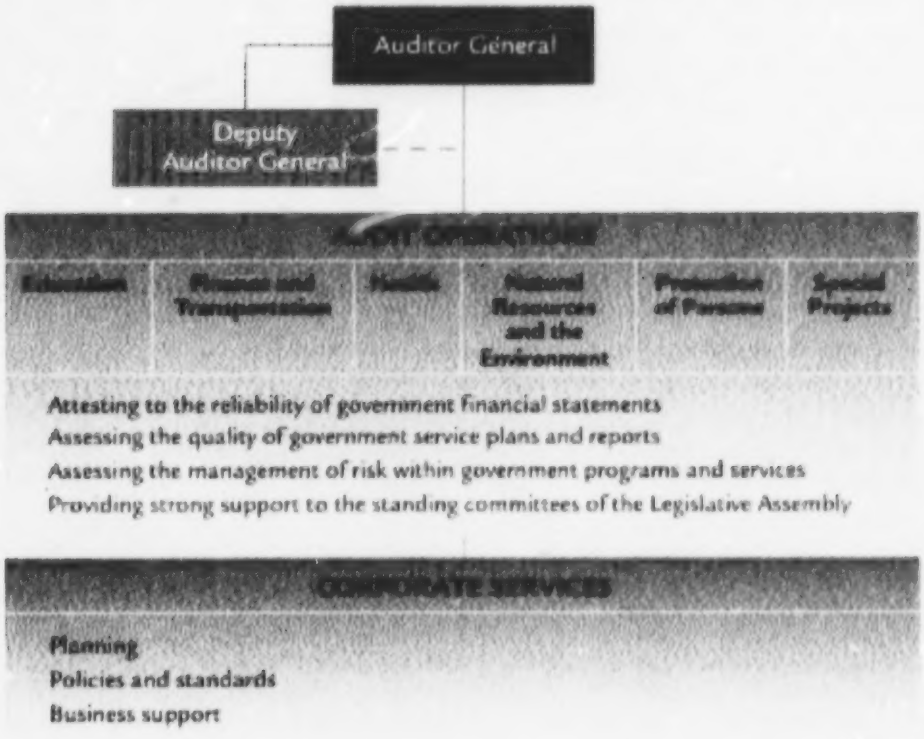
Our People

The Auditor General is supported by over 90 staff who plan and conduct audits, oversee the work undertaken by external audit service providers, and prepare major reports for tabling by the Auditor General in the Legislative Assembly.

The majority of the Office's staff are highly trained university graduates with qualifications in accounting, program evaluation, social service and environmental sciences, health care, and business.

Our Structure

We have reorganized our audit operations to enable us to focus on the key issues facing government. We have aligned our audit resources into five operating groups, each of generally equal size and each focusing on a key sector of government.


Auditor General
Deputy Auditor General
Natural Resources and the Environment
Special Projects
Attesting to the reliability of government financial statements
Assessing the quality of government service plans and reports
Assessing the management of risk within government programs and services
Providing strong support to the standing committees of the Legislative Assembly
Planning
Policies and standards
Business support

Appendix
Our Detailed Work Program for 2002/03

Audit Work Program for 2002/03 by Sector and Line of Business

Our work program has been developed at a time when new challenges are fast emerging as the government makes major changes to how it delivers public programs and services. Accordingly, we might need to adjust our work program during 2002/03.

Here we provide output targets and our detailed work program for each of our key lines of business as they relate to achieving Goal 1. The output targets chosen represent the best estimate of management at this time, and will be refined as the Office gains experience in interpreting the data and managing for results. Historical information and trends will be reported as data is collected.

Attesting to the reliability of government financial statements

Output Targets

The targets set for 2002/03 for the outputs relating to *attesting to the reliability of government financial statements* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Opinions issued on financial statements	number	53
Timeliness		
Audits completed and audited financial statements be available within statutory deadline or within 5 months of balance sheet date	percentage	95
Management reports and letters are issued within 6 weeks of the date of the audit report	percentage	95
Quality		
Work is conducted with due professional care, and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards that the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit arrangements and work undertaken	percentage	100
Every audit reviewed passes the quality assurance measures	percentage	100
Cost		
Resources applied	percentage of total audit hours	44

Audit Work Program for 2002/03 by Sector and Line of Business

Our work program has been developed at a time when new challenges are fast emerging as the government makes major changes to how it delivers public programs and services. Accordingly, we might need to adjust our work program during 2002/03.

Here we provide output targets and our detailed work program for each of our key lines of business as they relate to achieving Goal 1. The output targets chosen represent the best estimate of management at this time, and will be refined as the Office gains experience in interpreting the data and managing for results. Historical information and trends will be reported as data is collected.

Attesting to the reliability of government financial statements

Output Targets

The targets set for 2002/03 for the outputs relating to *attesting to the reliability of government financial statements* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Opinions issued on financial statements	number	53
Timeliness		
Audits completed and audited financial statements be available within statutory deadline or within 5 months of balance sheet date	percentage	95
Management reports and letters are issued within 6 weeks of the date of the audit report	percentage	95
Quality		
Work is conducted with due professional care, and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards that the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit arrangements and work undertaken	percentage	100
Every audit reviewed passes the quality assurance measures	percentage	100
Cost		
Resources applied	percentage of total audit hours	44

Audit Work Program for 2002/03 by Sector and Line of Business

Overview of Financial Statement Audit Coverage

Sector	Quantity	
	Total Entities in Group	Audits Planned
Education	60 School Districts 22 Colleges and Institutes 6 Universities	0 School Districts 1 Colleges and Institutes 6 Universities
Finance and Transportation	Province of British Columbia 7 Crown Corporations 2 Pension Funds	1 Public Accounts 2 Crown Corporations 2 Pension Funds
Health	6	1 Fraser Regional Health Authority
Natural Resources and the Environment	32	9 Crown Corporations
Protection of Persons and Property	9	6

Assessing the quality of government service plans and reports

Output Targets

The targets set for 2002/03 for the outputs relating to *assessing the quality of government service plans and reports* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Reports expected to be tabled in the Legislature	number	3
Timeliness		
Reports are completed within planned timeframe	percentage	85
Quality		
Work is conducted with due professional care, and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards which the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit arrangements and work undertaken	percentage	100
The new procedures for assurance methodology meet the standards of the CICA	percentage	100
Cost		
Projects are completed within the budget allocated	percentage	85
Resources applied	percentage of audit hours	7

Audit Work Program for 2002/03 by Sector and Line of Business

Overview of Financial Statement Audit Coverage

Sector	Quantity	
	Total Entities in Group	Audits Planned
Education	60 School Districts 22 Colleges and Institutes 6 Universities	0 School Districts 1 Colleges and Institutes 6 Universities
Finance and Transportation	Province of British Columbia 7 Crown Corporations 2 Pension Funds	1 Public Accounts 2 Crown Corporations 2 Pension Funds
Health	6	1 Fraser Regional Health Authority
Natural Resources and the Environment	32	9 Crown Corporations
Protection of Persons and Property	9	6

Assessing the quality of government service plans and reports

Output Targets

The targets set for 2002/03 for the outputs relating to *assessing the quality of government service plans and reports* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Reports expected to be tabled in the Legislature	number	3
Timeliness		
Reports are completed within planned timeframe	percentage	85
Quality		
Work is conducted with due professional care, and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards which the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit arrangements and work undertaken	percentage	100
The new procedures for assurance methodology meet the standards of the CICA	percentage	100
Cost		
Projects are completed within the budget allocated	percentage	85
Resources applied	percentage of audit hours	7

Audit Work Program for 2002/03 by Sector and Line of Business

We plan to do the following work in the coming year.

Education

Service Plans and Reports

The Office plans to examine the service plans and reports of the two education ministries, and to review the performance reports on Colleges and Institutes produced by the Ministry of Advanced Education. If time permits, we will also review the performance plans and reports of one or more universities.

Finance and Transportation

Service Plans and Reports

The Office will review the service plans and reports published by the Ministries of Finance and Corporate Relations, Provincial Revenue and Transportation and Highways and two crown corporations.

Health

Service Plans and Reports

The Office will conduct a review of the service plans and reports published by the Ministries of Health Services and Health Planning.

Provincial Health Care Indicators

Under a recent federal/provincial agreement, each province will publish performance indicators on health care. The indicators used will be the same for each province. There is a requirement for third party verification of the information. The Office is planning to audit the indicators produced by British Columbia. Most of the other provincial audit offices are also planning to audit their province's indicators, to ensure a consistent, expert and independent verification process.

Natural Resources and the Environment

Service Plans and Reports

The office plans to review the service plans and reports of the natural resource ministries and the Ministry of Competition, Science and Enterprise. In addition, we will review a selected number of the 32 crown corporations in the sector.

Audit Work Program for 2002/03 by Sector and Line of Business

Protection of Persons and Property

Service Plans and Reports

We will coordinate the review of service plans and reports across the Office, ensuring consistency in the way the assessments are carried out. In addition, we will review the government's strategic plan and the service plans of a number of ministries and government organizations within the protection sector (such as the Ministry of Children and Family Development) for the 2002 and 2003 period. We will follow this with a review, in 2003/04, of the quality of the annual report on the government's strategic plan and of the annual service plan reports of a number of ministries and government organizations.

Assessing Government Capacity

This project will assess the steps being taken across government to develop the capacity of government organizations to manage their performance—that is to clearly articulate their goals and objectives, to measure and monitor progress toward their goals and objectives, and to report publicly about their plans and performance as required by the Budget Transparency and Accountability Act.

Assurance Methodology

The Office will develop methodology for providing assurance on service plan reports. It will build upon work already carried out by our legislative audit colleagues across the country. Assurance methodology will be put into practice as we carry out our work with respect to the Public Guardian and Trustee's report on its 2001/02 service plan and as we provide assurance on British Columbia's health indicator report.

Providing Assurance on the Performance Report of the Public Guardian and Trustee

This project will see the Auditor General commenting on a report to be made by the Public Guardian and Trustee statement on the extent to which that office has met the performance targets and other objectives established in its previously published service plan. This annual assignment is required under the Public Guardian and Trustee Act. This year will be the first time that the Public Guardian and Trustee will have reported comprehensively on his office's performance, and consequently will also be the first time that the Auditor General has provided any form of assurance on its performance report.

Audit Work Program for 2002/03 by Sector and Line of Business

Supporting legislators in their use of government performance information

Output Targets

The targets set for 2002/03 for the outputs relating to *supporting legislators in the use of government performance information* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Responding to specific requests from, and participating in, working groups on matters related to financial management and accountability, with organizations including: ■ Members of the Legislative Assembly ■ select standing committees	number	We will respond to all requests
Timeliness		
Initial response provided within 3 working days	percentage	90
Response is cleared within 30 working days, unless otherwise advised	percentage	100
Quality		
All advice will be prepared with due professional care by an appropriately qualified person and, where the circumstances require it, be subject to internal peer review	percentage	100
Cost		
Resources applied	percentage of total audit hours	5

In the fiscal year 2002/03, we will complete the following work to support legislators in the use of government performance information.

Health

Sector Report

The Office will prepare a report that provides an overview of the health sector from a legislative audit perspective. Elements of the report will likely include an environmental scan of business risks, and discussion of audit strategy in light of those risks. The report may also identify specific topics worthy of a more in-depth review, and will provide an overview of audits released to date in the sector.

Audit Work Program for 2002/03 by Sector and Line of Business

Supporting legislators in their use of government performance information

Output Targets

The targets set for 2002/03 for the outputs relating to *supporting legislators in the use of government performance information* are outlined below.

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Responding to specific requests from, and participating in, working groups on matters related to financial management and accountability, with organizations including: ■ Members of the Legislative Assembly ■ select standing committees	number	We will respond to all requests
Timeliness		
Initial response provided within 3 working days	percentage	90
Response is cleared within 30 working days, unless otherwise advised	percentage	100
Quality		
All advice will be prepared with due professional care by an appropriately qualified person and, where the circumstances require it, be subject to internal peer review	percentage	100
Cost		
Resources applied	percentage of total audit hours	5

In the fiscal year 2002/03, we will complete the following work to support legislators in the use of government performance information.

Health

Sector Report

The Office will prepare a report that provides an overview of the health sector from a legislative audit perspective. Elements of the report will likely include an environmental scan of business risks, and discussion of audit strategy in light of those risks. The report may also identify specific topics worthy of a more in-depth review, and will provide an overview of audits released to date in the sector.

Audit Work Program for 2002/03 by Sector and Line of Business

Protection of Persons and Property

Determining Public Performance Reporting Principles

The Office will work with government and legislators to develop consensus regarding public performance reporting principles and their application in British Columbia.

Assessing how government manages its key risks

Output Targets

The targets set for 2002/03 for the outputs relating to *assessing how government manages its key risks* are as follows:

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Reports expected to be tabled in the Legislature	number	8 -10
Timeliness		
Reports completed within budgeted timelines	percentage	70
Quality		
Work is conducted with due professional care and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards which the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit and work undertaken	percentage	100
Every audit reviewed passes the quality assurance measures	percentage	100
Cost		
Audits are completed within the budget allocated	percentage	70
Resources applied	percentage	44

Education

Financial Management Capability Framework

We plan to develop and pilot a test framework for assessing how entities in the Education Sector make spending decisions as a part of developing and maintaining systems related to financial management. Initially, it will be designed for use by school districts, then for post-secondary systems. Once this framework has been refined for use in the Education Sector, we plan to adapt key principles for use in other sectors as well.

Audit Work Program for 2002/03 by Sector and Line of Business

Protection of Persons and Property

Determining Public Performance Reporting Principles

The Office will work with government and legislators to develop consensus regarding public performance reporting principles and their application in British Columbia.

Assessing how government manages its key risks

Output Targets

The targets set for 2002/03 for the outputs relating to *assessing how government manages its key risks* are as follows:

Performance Measures	Unit of Measure	2002/03 Target
Quantity		
Reports expected to be tabled in the Legislature	number	8 -10
Timeliness		
Reports completed within budgeted timelines	percentage	70
Quality		
Work is conducted with due professional care and ensures adherence to standards of appropriateness, quality, efficiency and independence as set out in the Canadian Institute of Chartered Accountants (CICA) standards and other standards which the Auditor General considers appropriate for the public sector	percentage	100
A quality assurance program is carried out on audit and work undertaken	percentage	100
Every audit reviewed passes the quality assurance measures	percentage	100
Cost		
Audits are completed within the budget allocated	percentage	70
Resources applied	percentage	44

Education

Financial Management Capability Framework

We plan to develop and pilot a test framework for assessing how entities in the Education Sector make spending decisions as a part of developing and maintaining systems related to financial management. Initially, it will be designed for use by school districts, then for post-secondary systems. Once this framework has been refined for use in the Education Sector, we plan to adapt key principles for use in other sectors as well.

Follow-Up to Safe Learning Audit

The Office plans to continue to monitor issues relating to providing a safe learning environment as follow-up to our audit issued in June 2000.

Finance

Ministry of Transportation and Highways –Managing Public-Private Partnerships

This project will assess the ministry's process to ensure that the risks associated with any public-private partnerships will be adequately identified and properly managed.

Crown Corporation

Within one of the 7 crown entities within the sector, we will complete an assessment of the corporation's governance and management practices related to a major core service of the corporation.

Ministry of Provincial Revenue

The Office will examine the adequacy of financial controls over the collection of a consumer tax.

Ministry of Finance–Corporate Accounting System Environment Review

Three projects relating to the management of information technology systems and the Corporate Accounting System are planned. The first project will evaluate the controls in place in the operating environment where the Corporate Accounting System operates. The next two projects will provide assurance that there are adequate controls over the Corporate Accounting System by assessing user control procedures and programmed control procedures and the interrelationship among these and the general environmental controls. First, we will look at the Oracle database and second we will look at the accounts payable/purchases modules. The second of these projects will likely not be finished and reported on until 2003/04.

Health

The Office is assessing the impact of the recent changes in the health sector. We have committed resources to deliver two audits in the sector during the year. We plan to deliver audits that focus on critical management processes, with an emphasis on management of change and risk.

Audit Work Program for 2002/03 by Sector and Line of Business

Natural Resources

Management of Contaminated Sites

The Office will carry out an audit examining how government manages contaminated sites on provincial land.

Vancouver-Whistler 2010 Olympic Bid

Vancouver and Whistler were selected in 1998 by the Canadian Olympic Association to develop and submit a Canadian bid to host the Olympic Winter Games in 2010. This resulted in the formation of the Vancouver-Whistler 2010 Bid Corporation. In January, 2003, the Bid Corporation will submit its Bid Book. This book describes the master plan for the games. The Bid Book addresses eighteen different themes, which give rise to substantial financial risks to the people of British Columbia. Estimates of the costs to stage the games are in excess of $11 billion.

The Office is planning to provide assurances on the following:

- Assumptions used in preparing the Bid Estimate;
- Risks and contingencies have been identified and considered in decision-making;
- Significant funding and obligations have been included; and,
- Adequate accountability of the governance structure.

Administration of the Oil and Gas Royalty System

British Columbia's oil and gas sector is strong and growing stronger. In total, oil, natural gas, and gas by-product production was worth $4.7 billion in 2000.

The government is streamlining regulations, reducing taxes, upgrading roads and supporting research in order to sustain further expansion of the industry. There are currently more than 32,000 people working in the industry, 7,000 in exploration and 25,000 in downstream industries. The responsibility for administering the oil and gas royalty system rests with the Ministry of Energy and Mines and the Oil and Gas Commission.

Our audit proposes to assess and report to the Legislative Assembly on the administration of the oil and gas royalty system. The audit will examine whether the ministry and commission have implemented effective administration arrangements for the collection of royalties. We will examine the following areas:

- Governance arrangements;
- Licensing arrangements;
- Compliance management;
- Investigations; and,
- Revenue management.

Arrow Lakes Generating Station: Capital Management Process

In December 1998, the government gave approval to the construction of the Keenleyside Power Project, a $302 million hydroelectric power project at the Hugh Keenleyside Dam near Castlegar. The power plant, now known as the Arrow Lakes Power Company, a joint venture between Columbia Power Corporation and a subsidiary of Columbia Basin Trust called CBT Arrow Lakes Power Development Corp. Construction started in the spring of 1999, and was originally scheduled for completion by December 31, 2002.

In November 2000, we provided the joint venture management with a report on whether we felt the capital management process to that point would result in good value for money.

Our next audit will examine the value for money obtained from the completed project. We will provide assurance on the following:

- The procurement process;
- Evaluation and selection process of the preferred bidder; and,
- Contract management processes.

Management of the Environmental Assessment Process

The Environmental Assessment Office (EAO) has managed the environmental assessment process for proposals involving billions of dollars in investments in energy, mining and industrial projects. The environmental impacts of many of these projects were of high public concern. We propose to examine whether the EAO is adequately monitoring and accounting for the results of the assessment process.

Protection of Persons and Property

Managing Risk in Times of Change

This project will assess the extent to which government has identified and put in place effective mechanisms to manage and deliver essential programs and services during a significant organizational change. A focus of our review will be a program in the Ministry of Children and Family Development.

Special Projects

Public Sector Pension Plans

A review of the public sector pension plans to assess:

- how the government is managing its risks associated with the current public sector pension plan arrangements;
- whether the government has established an appropriate oversight process to be able to monitor pension plan management; and
- how the government is fulfilling its accountability obligations to the Legislative Assembly with respect to public sector pension plans.

Our Service Standards

The Office of the Auditor General is committed to the following standards of service:

Approaching Our Work in a Fair and Constructive Way

We will audit matters that are of significance and interest to those who rely on our work

We will be impartial and objective in conducting our audits

We will judge government accountability information and performance against reasonable expectations

We will base our assessments on the accountability principles or performance standards used by government where these are judged to be appropriate

We will attest to the fairness and reliability of accountability information provided publicly by government where that information is available and complete

We will conduct our audits in a way that enables us to provide positive assessments where warranted and will report the reasons for our reservations where we are unable to provide positive assessments

We will offer sound, practical recommendations for improving performance

We will issue our audit reports on a timely basis

Providing Accurate, Reliable Assessments and Sound Advice

We will conduct our audits in accordance with professional auditing standards using sound auditing methodologies and techniques

We will conduct our audits using personnel having the knowledge and competence required for the audit, including a thorough under-standing of the type of organization and operations under review

We will provide reliable, evidence–based assessments and advice, ensuring our audit criteria or performance standards, findings and conclusions, and advice for improvement are well–founded and supported

We will report all matters of significance to those who rely on our work

We will subject our audit reports, work and methodologies to rigorous quality assurance processes

Our Service Standards

Building Strong Relationships

We will be honest and forthright in all of our dealings with those we audit and those who rely on our work

We will keep all information obtained in the performance of our work confidential, except as required to perform our duties under the Auditor General Act

(The Freedom of Information and Protection of Privacy Act does not apply to the audit records of the Office, including all audit working papers)

We will communicate openly throughout an audit with management responsible for the matters under review by:

- meeting with management at the start of an audit to establish a communication plan for the assignment
- discussing the terms of the audit assignment with management at the start of an audit, including the objective and scope of our work
- discussing our audit plan with management including the audit criteria or performance standards to be used
- discussing with management our findings, analysis, conclusions, and draft report

We will provide management with an opportunity to publish a response to our audit along with our report where we have assessed government performance directly

We will organize our work to allow government staff to participate in our audits with a minimum of disruption to their regular, ongoing duties

We will welcome and respond to any comments, suggestions or queries from legislators, the public or government managers

National Library of Canada Cataloguing in Publication Data
British Columbia. Office of the Auditor General.

Service plan.—Feb. 2002–

Annual.
ISSN 1499–8661 = Service plan – British Columbia.
Office of the Auditor General

1. British Columbia. Office of the Auditor General – Periodicals. 2. Finance, Public – British Columbia – Auditing – Periodicals. I. Title.

HJ13.B74 352.43'09711 C2002–960019–7

OFFICE OF THE
Auditor General
of British Columbia

LOCATION:
8 Bastion Square
Victoria, British Columbia
V8V 1X4

OFFICE HOURS:
Monday to Friday
8:30 a.m. – 4:30 p.m.

TELEPHONE:
250 387–6803
Toll free through Enquiry BC at: 1 800 663–7867
In Vancouver dial 660–2421

FAX: 250 387–1230

E-MAIL: bcauditor@bcauditor.com

INTERNET HOMEPAGE:
This report and others are available at our Internet Homepage which also contains further information about the Office: www.bcauditor.com

REPRODUCING:
Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.